

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill would require the Nebraska Workers' Compensation Court to adopt an evidence-based drug formulary.

Such formulary shall apply to prescription drugs that are prescribed and dispensed for outpatient use in connection with any workers' compensation claim on or after January 1, 2020.

The Workers' Compensation Court does not have sufficient information at this time to determine whether or not this bill will have a fiscal impact. The court notes that it is not clear if the bill simply requires them to adopt a formulary, or if they will be responsible for *developing* a drug formulary. If they are required to develop a formulary, then they would incur costs (staff, administration, outreach and education). See their response attached for additional details.

DAS Risk Management states that this bill may create a fiscal impact, but any impact is unknown. The state's workers' compensation program is funded by annual assessments against all agencies, boards and commissions, the university, and state colleges. DAS Risk Management notes that any increase in costs could increase the amount assessed.

The City of Imperial estimates no fiscal impact from this bill.

The City of Omaha estimates that this bill will fiscally benefit the city. They believe that the bill will give better drug oversight to what doctors can approve and this would lower the amount of expensive formulary drugs for workers' compensation.

The City of Lincoln is unable to estimate whether the bill will increase or decrease costs at this time. See the city's response attached for additional details not included in this fiscal note.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 487	AM:	AGENCY/POLT. SUB: Nebraska Workers Compensation Court (037)	
REVIEWED BY: Joe Wilcox	DATE: 01/31/2019	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Nebraska Workers Compensation Court estimate of potential but Indeterminate Fiscal Impact to the Agency from LB 487.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 487 (065)	AM:	AGENCY/POLT. SUB: Nebraska Department of Administrative Services	
REVIEWED BY: Joe Wilcox	DATE: 01/30/2019	PHONE: (402) 471-4178	
COMMENTS: No basis to dispute the Nebraska Department of Administrative Services (DAS) estimate of potential but Indeterminate Fiscal Impact to the Agency from LB 487.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 487	AM:	AGENCY/POLT. SUB: City of Imperial
REVIEWED BY: Joe Wilcox	DATE: 01/24/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Imperial estimate of No Fiscal Impact to the City from LB 487.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 487	AM:	AGENCY/POLT. SUB: City of Omaha
REVIEWED BY: Joe Wilcox	DATE: 01/30/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Omaha estimate of potential but undetermined Fiscal Impact to the City from LB 487.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 487	AM:	AGENCY/POLT. SUB: City of Lincoln
REVIEWED BY: Joe Wilcox	DATE: 01/31/2019	PHONE: (402) 471-4178
COMMENTS: No basis to dispute the City of Lincoln estimate of potential but Indeterminate Fiscal Impact to the City from LB 487.		

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 487

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Workers' Compensation Court

Prepared by: ⁽³⁾ Jill Gradwohl Schroeder Administrator Date Prepared: ⁽⁴⁾ January 30, 2019 Phone: ⁽⁵⁾ 402.471.3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	_____	_____

Explanation of Estimate:

The Nebraska Workers' Compensation Court does not have sufficient information at this time to confirm whether there will be a fiscal impact upon the Court by this legislation, if enacted. As currently written, the Court's duties are not clear. We do not know whether the Legislature will select a drug formulary for the Court to adopt pursuant to its rule-making authority or whether the Court will be responsible for *developing* a drug formulary. LB 487 provides the adopted drug formulary would be applied to claims with a date of injury on or after January 1, 2020, which short time frame suggests the Court will solely be adopting a formulary selected by the Legislature.

If LB 487 proposes functions of the Court that include *developing* a formulary, the Court anticipates an amended fiscal note will be needed to describe costs it will incur, such as adding staff [a medical consultant with staff assistance] to support the formulary development process and ongoing administration, and to conduct outreach and education as to medical providers who will use the formulary.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 487

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Administrative Services (DAS) – Risk Management

Prepared by: ⁽³⁾ Shereece Dendy-Sanders Date Prepared: ⁽⁴⁾ January 24, 2019 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 487 seeks to require the Nebraska Workers' Compensation Court to adopt an evidence-based drug formulary consisting of prescription drugs that may be prescribed and dispensed for outpatient use in connection with workers' compensation claims. This bill would limit the types of prescription drugs prescribed and dispensed to workers' compensation claimants. It is unknown how the formulary would impact the workers' compensation program. The formulary may reduce the amount spent on prescriptions or have the opposite effect. However, this bill is likely aimed at reducing the number of controlled substances prescribed to workers' compensation claimants.

The State of Nebraska's Workers' Compensation program is self-insured and includes all agencies, boards and commissions, the University and State Colleges. Any changes in costs can impact the annual assessment that is billed.

This bill may create fiscal impact, however the exact fiscal impact is unknown.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 487

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Imperial

Prepared by: ⁽³⁾ Jo Leyland

Date Prepared: ⁽⁴⁾ 01/24/2019

Phone: ⁽⁵⁾ 308-882-4368

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 487

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ CITY OF OMAHA

Prepared by: ⁽³⁾ TYLER LEIMER Date Prepared: ⁽⁴⁾ 1/30/2018 Phone: ⁽⁵⁾ 402-444-4514

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Explanation of Estimate: Fiscally beneficial. City of Omaha believes this will give better drug oversight to what a doctor can approve. Lowering the amount of expensive formulary drugs to be run through workers comp. This could affect the City of Omaha when they start to run the drug of choice through their health insurance.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20</u>	<u>2020-21</u>
	<u>19-20</u>	<u>20-21</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 487

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Lincoln

Prepared by: ⁽³⁾ Jan Bolin Date Prepared: ⁽⁴⁾ 1/30/19 Phone: ⁽⁵⁾ 402-440-0986

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2019-20</u>		<u>FY 2020-21</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The City of Lincoln recognizes that the impact of state-mandated formularies can be positive—by promoting safe and inexpensive drug treatments via a preferred list of drugs and by providing physicians with a straightforward set of guidelines and carriers and employers the means to carefully review non-preferred treatments. However, there may be a financial impact to the City if the drug formulary adopted prices the affected drugs higher than costs currently paid or lower than costs currently paid by the City of Lincoln. We are not able to anticipate what those cost increases or decreases may be at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2019-20 EXPENDITURES</u>	<u>2020-21 EXPENDITURES</u>
	<u>19-20</u>	<u>20-21</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____